

National Training for Counselors and Mentors



Funding Education
Beyond High School

Academic Year
2017–2018



The Importance of Financial Literacy



Agenda

- Definition
- Early Awareness
- Money for College
- Budget
- Credit
- Additional Resources



Financial Literacy Definition

- Financial literacy is the ability to:
 - Manage money wisely by being an informed/educated consumer
- Empowers individuals to make appropriate choices regarding their finances



Early Awareness

Students should:

- Start early when learning how to manage personal finances
- Educate themselves before making financial decisions
- Work consistently at making informed financial choices



Money For College

Cost of Attendance (COA)

- Families should plan early to meet the many costs associated with college
- COA includes:
 - Tuition and fees
 - Room and board (meals)
 - Books and supplies
 - Transportation
 - Personal expenses
- Compare and contrast colleges:
 - <http://nces.ed.gov/collegenavigator/>
 - www.collegecost.ed.gov/scorecard/



Money For College

Ways for Students & Families to Pay

- Federal student aid:
 - Grants
 - Loans
 - Work-Study
- Scholarships
- Other financial aid sources:
 - State Aid
 - Institutional Aid
 - Savings



Money For College

Federal Student Aid

- Money from the federal government for higher education
 - Grants and Work-Study
 - Loans (must be repaid)
- *FAFSA4caster* is an on-line tool that estimates a student's eligibility for federal financial aid
 - www.fafsa.gov (Go to the “Thinking About College” Section)



Money for College

Federal Student Aid

- Students apply for federal student aid by filling out the *Free Application for Federal Student Aid* (FAFSA) at www.fafsa.gov
 - You will need to create an FSA ID to complete your FAFSA: <https://fsaid.ed.gov>
- Apply YEARLY and EARLY!!!
- Some money is first come, first serve. Be diligent when searching for aid
- Note: Search for both financial aid and scholarships



Money for College Savings

- Education IRAs (Coverdell Education Savings Accounts)
- Prepaid Tuition Plans
- 529 College Savings Plans
- U.S. Savings Bonds



Money for College Scholarships

- Federal Resources
 - www.studentaid.gov/types/grants-scholarships/finding-scholarships
- Private sources
- Foundations
- Organizations
- Businesses and employers



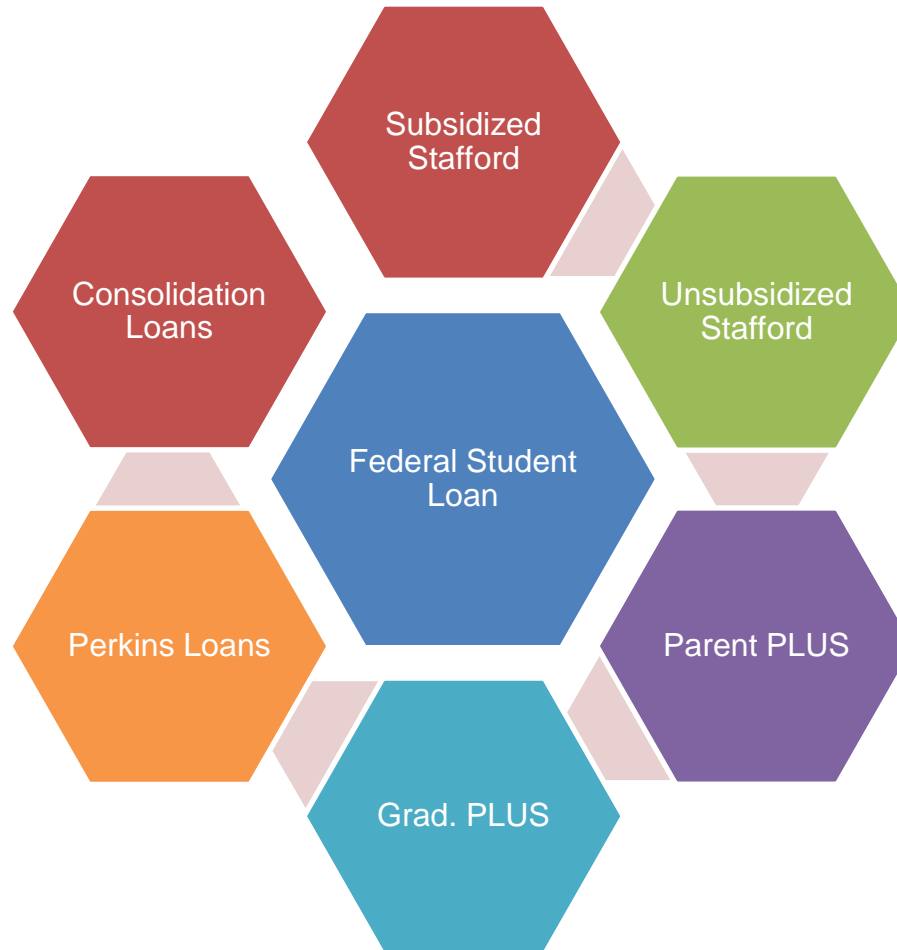
Money for College

Other Financial Aid Sources

- Colleges
- State higher education agencies
- AmeriCorps
- Businesses and labor organizations
- Organizations, churches, community groups and foundations
- U.S. Armed Forces
- Veterans Affairs
- Employers



Federal Student Loan Types





Repayment Plans

Based on
income

Based on
loan debt

Revised Pay As You
Earn

Pay As You Earn

Income-Contingent

Income-Based

Graduated

Extended

Standard





REPAYMENT CHECKLIST

before you graduate

1. Review your federal student loan history.
2. Compare your borrowing history to other communications you've received.
3. Get to know your federal loan servicer.
4. Consider making payments while in school.
5. Complete mandatory exit counseling.

www.studentaid.gov/repaymentchecklist



REPAYMENT CHECKLIST

after you graduate

1. Register for an online account on your servicer's website.
2. Create a budget.
3. Consider loan consolidation.
4. Select an affordable repayment plan.
5. Enroll in automatic payments (or make loan payments to your servicer.)
6. Know your options if you can't make your payment.
7. Find out whether you're eligible for loan forgiveness.
8. Deduct student loan interest paid and reduce your federal income taxes.

2 of 2



Public Service Loan Forgiveness (PSLF)

- 120 qualifying payments
- On Direct Loans
- On qualifying repayment plans
- While working full-time at qualifying employer



PSLF – Qualifying Employment

It doesn't matter what you do. It matters where you work.

1

- Any government organization

2

- 501(c)(3) not-for-profit organization

3

- Other not-for-profit organizations providing specific qualifying services



PSLF – Qualifying Repayment Plan

10-Year Standard

IBR

ICR

Pay As You Earn

You should get on an income-driven plan to receive PSLF.



Alternative Loans

- Private loans
- Home equity loans
- To receive home equity or private alternative loans, individuals have to prove they are creditworthy



Money for College

Financial Literacy Tips

Students and families should:

- Pay attention to state and federal aid deadlines and college deadlines
- Know what aid is available; for loans, know their rights and responsibilities
- Avoid financial aid fraud
- Develop money-saving strategies
- Compare college costs and aid packages



Budget

A budget is a tool that helps people manage their money and plan for their expenses on a daily, weekly, monthly, or yearly basis

- A financial plan that helps you plan your spending, make informed decisions, and reach your financial goals
- Helps identify potential financial problems in time to make necessary changes



Budgeting Basics

- Set important goals and review them on a routine basis
- Compare income and expenses, and gather student loan papers and other important documents
- Establish a realistic budget by tracking your spending and identifying patterns
 - Suggestion: Track your spending for a month
- Store your financial records



Money-Saving Tips

- Clip coupons, use money-saving apps or visit websites that offer online coupons
- Buy generic brands of products
- Discontinue premium cable channels
 - Purchase the monthly basic plan
- Sign up for monthly plans for all utilities
- Take lunch to school or work
- Find additional ways to earn money



Credit

The ability of a customer to obtain goods or services, based on the trust that payment will be made in the future.



Credit

Steps for students to build and maintain good credit:

- Set a realistic budget and stick to it
- Use credit wisely
- Make monthly payments for bills on time every month
- Pay your balance in full to avoid interest charges and try to pay off cards
- If possible, pay off credit cards with the highest interest rate first



Credit

Steps to maintain good credit (continued):

- Use credit card only in case of emergencies (i.e. pizza and beer are not emergencies)
- Review credit report once a year to check its accuracy
- To get your FREE credit report from the major credit reporting agencies (Equifax, Experian, and TransUnion), go to: www.annualcreditreport.com



Credit Report

A **credit report** details a person's financial history showing their ability to repay borrowed money and how credit is used and repaid.

A credit report is used to calculate one's **credit score**, which translates to the individual's credit worthiness.



Credit Report

Reasons students should review their credit report:

- Know what others (landlords, banks, potential employers) are finding out by viewing their credit report
- Note their credit score (Score not available on free credit reports)
- Verify that all creditors reflected on the report are valid (i.e. is anyone taking out credit in your name?)
- Check for erroneous entries (i.e. name, Social Security number, open accounts etc.)
- Dispute any inaccuracies following the instructions listed on the report



Credit Score

Credit Score

- The number creditors use to evaluate a person's potential to repay debt
- FICO score (most widely known score) can range from 300-850
 - Best Score = 750-850
- #1 way to raise a credit score? Pay your bills ON TIME



Identity Theft

Identity theft occurs when an imposter acquires and uses someone else's personal identifying information to obtain credit or for other financial gain



Protection Against Identity Theft

- Leave important documents at home and keep them in a safe/hidden place
- Keep documents with personal information in a safe place and shred them when no longer needed
- Avoid giving Social Security and account numbers over the phone unless you initiated the call
- Strengthen personal identification numbers (PIN) and computer passwords by using random combinations of letters and numbers



Resources

- Federal Student Aid or 1-800-4-FED-AID or (1-800-433-3243) (www.studentaid.gov)
- MyMoney.gov or 1-800-FED-INFO or 1-800-333-4636 (www.mymoney.gov)
- Federal Trade Commission's Consumer Protection (www.ftc.gov)
- FDIC Consumer News (www.fdic.gov)



Resources

- Navigating Your Financial Future (www.navigatingyourfuture.org)
- Institute for Financial Literacy (www.financiallit.org)
- College Savings Plan Network (www.collegesavings.org)
- Young Americans Center for Financial Education (www.yacenter.org)
- Jump\$tart Coalition for Personal Financial Literacy (www.jumpstart.org)
- Mapping Your Future (www.mappingyourfuture.org)



Questions/Discussion



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